

Message Text

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PAGE 01 ROME 04586 131042Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
FRB-01 INR-10 NSAE-00 USIA-15 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 /070 W
-----088331 131447Z /46

R 130930Z MAR 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 1239
TREASURY DEPT WASH DC

UNCLAS ROME 4586

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJECT: INDUSTRIAL PRODUCTION IN JANUARY:BEGINNING OF AN UPTURN?

1. SUMMARY. PRELIMINARY UNADJUSTED INDUSTRIAL PRODUCTION INDEX FOR JANUARY RELEASED BY ISTAT ON MARCH 9 IS 122.4. DECEMBER FIGURE WAS 113.1. PERCENTAGE CHANGE JANUARY OVER DECEMBER IS UP 8.2 WHILE JANUARY 1978 OVER JANUARY 1977 IS DOWN 3.3. SEASONALLY ADJUSTED INDEX PUBLISHED BY BANCA COMMERCIALE ITALIANA (BCI) CONFIRMS MONTH-OVER-MONTH INCREASE WHILE RECENTLY-RELEASED CONFINDUSTRIA'S SURVEY OF MANUFACTURING SECTOR'S OUTPUT FOR THE SECOND QUARTER SHOWS THE LEVEL OF ACTIVITY REACHING THOSE OF THE SECOND QUARTER OF 1977. END SUMMARY.

2. ISTAT REVISED UNADJUSTED INDUSTRIAL PRODUCTION INDICES FOR THE PERIOD JUNE-DECEMBER 1977 AND RATE OF PERCENT CHANGES IN THESE INDICES OVER COMPARABLE 1976 PERIOD ARE AS FOLLOWS:
UNADJUSTED INDUSTRIAL PRODUCTION INDEX (1970-100)

MONTH INDEX PERCENT CHANGE SAME PERCENT CHANGE
MONTH IN 1976 CUMULATIVE THROUGH YR.

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PAGE 02 ROME 04586 131042Z

JUNE	128.5	6.8	8.6
JULY	123.5	-7.0	5.8
AUGUST	71.6	0.3	5.4
SEPTEMBER	134.1	-3.6	4.2
OCTOBER	128.2	-5.5	3.2
NOVEMBER	124.5	-5.0	2.3

DECEMBER 113.1 -13.4 0.9

3. THE BCI SEASONALLY ADJUSTED INDEX, THE ONLY SEASONALLY ADJUSTED INDEX PUBLISHED SIMULTANEOUSLY WITH THE ISTAT RAW DATA, WAS 120.6 IN JANUARY COMPARED WITH THE DECEMBER LEVEL OF 118.5. THUS, THE INCREASE IN JANUARY OVER DECEMBER ON A SEASONALLY ADJUSTED BASIS WAS 1.8 PERCENT. WHILE THE BCI ADJUSTED INDEX IN JANUARY WAS STILL 9.3 PERCENT BELOW THAT OF JANUARY 1977 (132.9), IT WAS UP 1.3 PERCENT OVER THE AVERAGE FOR THE FOURTH QUARTER OF LAST YEAR (119.1) AND 1.7 OVER THE AVERAGE FOR THE THIRD QUARTER OF 1977 (118.6).

4. THE LATEST CONFINDUSTRIA SURVEY OF THE MANUFACTURING SECTOR SHOWS THAT RESPONDENT FIRMS EXPECT OUTPUT DURING THE SECOND QUARTER TO REACH CLOSE TO THE LEVEL OF THE SECOND QUARTER OF 1977. THE LEVEL OF OUTPUT IS EXPECTED TO BE LOWER THAN LAST YEAR'S BY ONLY 0.4 PERCENT, AS COMPARED TO AN ANTICIPATED SHORTFALL PREDICTED FOR THE FIRST QUARTER (OVER THE FIRST QUARTER OF 1977) OF 2.6 PERCENT.

5. COMMENT. NEEDLES TO SAY, ONE MONTH'S RESULTS OR ONE SURVEY RESULT DOES NOT MAKE A TREND. HOWEVER, THE CONVERGENCE OF THE APPARENTLY POSITIVE JANUARY INDUSTRIAL PRODUCTION TREND COUPLED WITH THE IMPROVED OUTLOOK SHOWN BY THE CONFINDUSTRIA SURVEY MAY INDICATE A POSSIBLE TURNING POINT IN INDUSTRIAL ACTIVITY. GARDNER
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PAGE 03 ROME 04586 131042Z

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 13 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME04586
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780111-0633
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780374/aaaackjr.tel
Line Count: 94
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f4fef5c7-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3347557
Secure: OPEN
Status: NATIVE
Subject: INDUSTRIAL PRODUCTION IN JANUARY:BEGINNING OF AN UPTURN?
TAGS: EFIN, EIND, IT
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f4fef5c7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014